

RECEIVED

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

JAN 11 2012

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF AN ADJUSTMENT)
OF GAS RATES OF COLUMBIA GAS OF) CASE NO. 2009-00141
KENTUCKY, INC.)

ENERGY EFFICIENCY AND CONSERVATION RIDER REPORT
OF COLUMBIA GAS OF KENTUCKY, INC.

On September 14, 2009, the parties to this case filed a Stipulation and Recommendation ("Stipulation"). By Order dated October 26, 2009 the Commission approved the Stipulation. Paragraph 4 of the Stipulation stated, in pertinent part,

Columbia agrees to establish a DSM Collaborative in January 2010 in order to develop a second-phase DSM program, including DSM measures targeted for low-income customers. Columbia will file with the Commission a second-phase DSM proposal and corresponding Energy Efficiency and Conservation Rider adjustment proposal by August 2, 2010. All parties to this case will be invited to participate in the DSM Collaborative.

Columbia established the Demand Side Management ("DSM") Collaborative as agreed, and on August 2, 2010 submitted its Report to the Commission pursuant to the October 26, 2009 Order. Columbia began implementing its programs with no changes in the rider rate in 2010.

In 2011, Columbia worked to ramp up its DSM program and anticipates even greater spending in 2012. Columbia would like to refocus its efforts on its more successful

energy efficiency programs. Columbia will continue to work with its DSM Collaborative in order to maximize the benefits the programs.

Pursuant to Sheet 51d of Columbia's tariff, the Energy Efficiency/Conservation Program has an October year-end and the Energy Efficiency/Conservation Program Recovery Component shall be updated annually becoming effective with meter readings beginning with Company's February Unit 1 bills.¹ Columbia's report of the Energy Efficiency/Conservation Program Balancing Adjustment for the period ending October 31, 2011 is attached hereto as Attachment A.²

Columbia respectfully requests an informal conference prior to the effective date of its proposed reduction in its Energy Efficiency and Conservation Rider rate. Columbia would like to discuss potential changes to its program in 2012 and would like to continue its collaborative efforts in implementing its program. As such, Columbia requests that a conference be held prior to January 30, 2012.³

Dated at Columbus, Ohio, this 11th day of January, 2012

1 Attached hereto as Attachment B, is Columbia's proposed tariff sheet reflecting the reduction in the Energy Efficiency and Conservation Rider rate. Attached hereto as Attachment C, is Columbia's red-lined tariff sheet reflecting the Energy Efficiency and Conservation Rate.

2 In compliance with 807 KAR 5:011, Columbia files the instant Report, which seeks a reduction in the Energy Efficiency Program Recovery Rate, within 20 days of the effective date of the proposed reduction.

3 Columbia suggests January 23 or 25, 2012 as possible dates for an informal conference.

Respectfully submitted,

COLUMBIA GAS OF KENTUCKY, INC.

By: Stephen B. Seiple (gmc)
Stephen B. Seiple
Assistant General Counsel

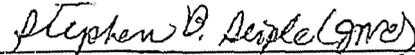
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Attorneys for
COLUMBIA GAS OF KENTUCKY, INC.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Energy Efficiency and Conservation Rider Report was served upon all parties of record by regular U. S. mail this 11th day of January, 2012



Stephen B. Seiple
Attorney for
COLUMBIA GAS OF KENTUCKY INC.

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ATTACHMENT A

Columbia Gas of Kentucky, Inc.
 Energy Efficiency/Conservation Program
 Year End Program Results
 Filing Date: December 29, 2011

Program Year End: October 31, 2011

EECPCR - Energy Efficiency/Conservation Program Cost Recovery

Actual Program Costs	
Energy Audit Program	\$ 171,252
High-Efficiency Appliance Rebate Program	\$ 616,153
Furnace Replacement Program	\$ 195,801
CKY Program Administration	\$ 2,500
Total Program Costs	<u>\$ 985,706</u>
TOTAL EECPCR	<u>\$ 985,706</u>

EECPLS - Energy Efficiency/Conservation Program Lost Sales

	# of Participants	Mcf Conserved	Distribution Charge	Lost Sales
Current Year Program Participation				
Furnace Replacements	91	600.6	\$ 1.8715	\$ 1,124
Appliance Rebates	1,429	9,145.6	\$ 1.8715	\$ 17,116
Residential Energy Audits	277	831.0	\$ 1.8715	\$ 1,555
Total Current Year Lost Sales	<u>1,797</u>	<u>10,577.2</u>		<u>\$ 19,795</u>
Cumulative Prior Years Participation				
Furnace Replacements				
Appliance Rebates				
Residential Energy Audits				
Total Prior Year(s) Lost Sales	<u>183</u>	<u>707.4</u>	<u>1.8715</u>	<u>\$ 1,324</u>
TOTAL EECPLS	<u>1,980</u>	<u>11,284.6</u>		<u>\$ 21,119</u>

EECPI - Energy Efficiency/Conservation Program Incentive

Actual Program Benefits (Schedule C)	\$ 616,682
Less: Actual Program Costs	<u>\$ (985,706)</u>
Net Resource Savings	<u>\$ (369,024)</u>
Incentive Percentage	15%
EECPI	<u>\$ -</u>

EECPBA - Energy Efficiency/Conservation Program Balancing Adjustment

Actual Recovery EECPCR 11/1/09 through 10/31/11	\$ 2,242,313
Actual Program Costs EECPCR 11/1/09 through 10/31/11	<u>\$ 1,098,658</u>
EECPBA Under (Over) Recovery	<u>\$ (1,145,637)</u>
Interest (1)	<u>\$ (2,177)</u>
Total Including Interest	<u>\$ (1,147,834)</u>
Estimated Bills	1,430,941
EECPBA Rate	<u>\$ (0.80)</u>

(1) Interest equal to the average of the 3-month Commercial Paper Rate for the immediately preceding 12-month period. Interest for the period is .19%

Columbia Gas of Kentucky, Inc.
 Energy Efficiency/Conservation Program
 Schedule A - Current Year Participation Detail

Schedule A

Program Year End: October 31, 2011

	Program		Mcf Conservation (1)	
	Participants	Per Participant		Total
<u>A. Low-Income Furnace Replacement Program</u>				
Furnace Replacements	91	6.6		600.6
<u>B. High-Efficiency Appliance Rebates</u>				
Residential Rebates	1,429	6.4		9,145.6
<u>C. Energy Audits</u>				
Residential Energy Audits	277	3.0		831.0
Total - A. B. C.	1,797			10,577.2

(1) Estimates based on budget and guidelines as submitted in Case No. 2009-00141

Columbia Gas of Kentucky, Inc.
 Energy Efficiency/Conservation Program
 Schedule B - Cumulative Prior Years Program Participation

Schedule B

Program Year End: October 31, 2010

	2009	2010	Cumulative Total
Program Participants			
<u>A. Low-Income Furnace Replacement Program</u>			
Furnace Replacements	-	24	-
<u>B. High-Efficiency Appliance Rebates</u>			
Residential Rebates	-	-	-
<u>C. Energy Audits</u>			
Residential Energy Audits	-	183	183
Total	-	207	183
Total Conservation Mcf			
<u>A. Low-Income Furnace Replacement Program</u>			
Furnace Replacements	-	158.4	-
<u>B. High-Efficiency Appliance Rebates</u>			
Residential Rebates	-	-	-
<u>C. Energy Audits</u>			
Residential Energy Audits	-	549.0	549.0
Total	-	707.4	549.0
Total Lost Sales	-	707.4	707.4

Columbia Gas of Kentucky, Inc.
 Energy Efficiency/Conservation Program
 Schedule C - Calculation of Program Benefits

Schedule C

Program Year End: October 31, 2011

Current Year Conservation (Mcf) 10,577.2 (1)

Year	(1) Mcf Conserved	(2) Gas Cost	Commodity Savings
2012	10,577.2	\$ 8.0793	\$ 85,456
2013	10,577.2	\$ 8.2293	\$ 87,043
2014	10,577.2	\$ 8.3293	\$ 88,101
2015	10,577.2	\$ 8.5293	\$ 90,216
2016	10,577.2	\$ 8.7193	\$ 92,226
2017	10,577.2	\$ 8.8593	\$ 93,707
2018	10,577.2	\$ 9.0293	\$ 95,505
2019	10,577.2	\$ 9.2293	\$ 97,620
2020	10,577.2	\$ 9.5693	\$ 101,216
2021	10,577.2	\$ 9.9293	\$ 105,024
Total Commodity Savings	95,194.8		\$ 936,114

Discount Rate 8.10%

Program Benefits **\$616,682**
 (present value of commodity savings)

(1) Per Schedule A
 (2) Per Schedule D

Columbia Gas of Kentucky, Inc.
 Energy Efficiency/Conservation Program
 Schedule D - Commodity Rates

Schedule D

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
	\$/Mcf									
Delivery Rate (1)	1.8715	1.8715	1.8715	1.8715	1.8715	1.8715	1.8715	1.8715	1.8715	1.8715
Commodity Purchase Rate (2)	4.7700	4.9200	5.0200	5.2200	5.4100	5.5500	5.7200	5.9200	6.2600	6.6200
Demand Purchase Rate (3)	<u>1.4378</u>									
Total	8.0793	8.2293	8.3293	8.5293	8.7193	8.8593	9.0293	9.2293	9.5693	9.9293

(1) Per Case No. 2009-00141

(2) U. S. Energy Information Administration - Annual Energy Outlook 2011 Henry Hub Spot Price

(3) Per Case No. 2011-00431

ATTACHMENT B

First Revised Sheet No. 51g
 Superseding
 Original Sheet No. 51g

COLUMBIA GAS OF KENTUCKY, INC.

P.S.C. Ky. No. 5

**ENERGY EFFICIENCY AND CONSERVATION RIDER
 ENERGY EFFICIENCY/CONSERVATION PROGRAM COST RECOVERY
 (Continued)**

MODIFICATIONS TO EECPRC (continued)

Each change in the EECPRC shall be placed into effect with meter readings on and after the effective date of such change.

Adjustment Factors: Per Meter per Billing Period

Residential:

EECPCR	\$0.61
EECPLS	\$0.03
EECPI	\$0.12
EECPBA	<u>(\$0.80)</u>
 Total EECPRC for Residential Customers	 (\$0.04)

Commercial:

EECPCR	\$0.00
EECPLS	\$0.00
EECPI	\$0.00
EECPBA	<u>\$0.00</u>
 Total EECPRC for Commercial Customers	 \$0.00

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DATE OF ISSUE: January 11, 2012

DATE EFFECTIVE: January 31, 2012
 (February Unit Billing)
 President

Issued by: *Herbert A. Miller Jr.*

ATTACHMENT C

First Revised Sheet No. 51g
 Superseding
 Original Sheet No. 51g

COLUMBIA GAS OF KENTUCKY, INC.

P.S.C. Ky. No. 5

**ENERGY EFFICIENCY AND CONSERVATION RIDER
 ENERGY EFFICIENCY/CONSERVATION PROGRAM COST RECOVERY
 (Continued)**

MODIFICATIONS TO EECPRC (continued)

Each change in the EECPRC shall be placed into effect with meter readings on and after the effective date of such change.

Adjustment Factors: Per Meter per Billing Period

Residential:

EECPCR	\$0.61
EECPLS	\$0.03
EECPI	\$0.12
EECPBA	<u>(\$0.0080)</u>
Total EECPRC for Residential Customers	<u>(\$0.7604)</u>

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Commercial:

EECPCR	\$0.00
EECPLS	\$0.00
EECPI	\$0.00
EECPBA	<u>\$0.00</u>
Total EECPRC for Commercial Customers	\$0.00

~~DATE OF ISSUE: November 6, 2009~~ January 11, 2012

~~DATE EFFECTIVE: October 27, 2009~~ January 31, 2012
 (February Unit 1 Billing)

~~Issued by authority of an Order of the Public Service Commission in Case No. 2009-00141 dated October 26, 2009~~

Issued by: Herbert A. Miller, Jr.

President